

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Department Summary - All Funds				
Positions - LEGISLATIVE COUNT	0.500	0.500		
Personal Services	28,290	28,902	10,000	10,000
All Other	102,182	86,429	86,429	86,429
Total	130,472	115,331	96,429	96,429
Department Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	0.500	0.500		
Personal Services	28,290	28,902	10,000	10,000
All Other	102,182	86,429	86,429	86,429
Total	130,472	115,331	96,429	96,429

PROPERTY TAX REVIEW - STATE BOARD OF 0357

What the Budget purchases:

As an appellate body, the State Board of Property Tax Review hears appeals of cases involving property valuation, tax exempt status decisions, land classification decisions (Tree Growth; Farm and Open Space), municipal valuations established by the Property Tax Division of Maine Revenue Services, mine site valuations and homestead exemptions.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	0.500	0.500	0.500	0.500
Personal Services	28,290	28,902	28,989	30,118
All Other	102,182	86,429	86,429	86,429
Total	130,472	115,331	115,418	116,547

Initiative: Eliminates one part-time Office Associate II position.

GENERAL FUND

Positions - LEGISLATIVE COUNT	-0.500	-0.500
Personal Services	(18,989)	(20,118)
Total	(18,989)	(20,118)

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	0.500	0.500		
Personal Services	28,290	28,902	10,000	10,000
All Other	102,182	86,429	86,429	86,429
Total	130,472	115,331	96,429	96,429

STATE BOARD OF PROPERTY TAX REVIEW

0357 Property Tax Review - State Board of

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$115,418	\$116,547

Justification:

The Board has been established to hear and determine tax abatement appeals arising under 1) the tree tax law (36 MRSA 571 et seq.), 2) the farm and open space law (35 MRSA 1101 et seq.) and 3) as provided in 36 MRSA 272, 843, & 2865.

Initiative:

Eliminates one part-time Office Associate II position.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$(18,989)	\$(20,118)

Justification:

The duties for this program will be absorbed by existing staff in the Department of Administrative and Financial Services.

PART MM

Sec. MM-118. Property tax reduction. Each school administrative unit must provide assessment reductions to each member municipality that will result in property tax reduction for the unit's member taxpayers through one or more of the following: **1. Increase.** The increase provided pursuant to Part C of this Act in state general purpose aid for local schools; **2. Savings.** Savings from the regionalization of school administrative units beginning in fiscal year 2008-09; and **3. Other.** Other efficiencies chosen by school administrative units. For each school administrative unit, the Commissioner of Education and the Commissioner of Administrative and Financial Services shall establish and report an assessment reduction target that will result in an amount equal to at least 90% of the increase provided in Part C of this Act in general purpose aid for local schools resulting in property tax reduction. Each school administrative unit must report annually to the Department of Education, in a format provided by the department that incorporates the target established above, the unit's assessment reductions and that each member municipality has provided to its taxpayers the property tax reduction resulting from the assessment reductions. If a school administrative unit's targeted assessment reductions or any member municipality property tax reductions are not reported or do not occur, the Commissioner of Education and the Commissioner of Administrative and Financial Services shall develop a mechanism to guarantee that the full amount of property tax reduction available to the member municipality taxpayers under subsections 1 to 3 occurs.

SUMMARY

Section MM-118 makes available property tax reductions equivalent to 90% of the state share of education funding provided in this budget and mandates that these property tax reductions occur.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Department Summary - All Funds				
Positions - LEGISLATIVE COUNT	1425.000	1427.000	1407.000	1407.000
Positions - FTE COUNT	1.600	1.600	1.144	1.144
Personal Services	71,010,610	96,677,464	99,196,699	101,025,933
All Other	199,887,037	200,792,026	238,832,411	246,588,000
Capital Expenditures	260,200	633,913	17,659,337	13,628,114
Unallocated	(431,500)	(7,702,616)		
Total	270,726,347	290,400,787	355,688,447	361,242,047
Department Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	514.500	514.500	498.000	498.000
Positions - FTE COUNT	0.769	0.769	0.769	0.769
Personal Services	33,009,683	29,394,690	31,269,235	31,374,193
All Other	70,533,654	78,256,507	89,669,161	94,433,802
Capital Expenditures	260,200	268,000		
Unallocated		(6,380,116)		
Total	103,803,537	101,539,081	120,938,396	125,807,995
Department Summary - HIGHWAY FUND				
Positions - LEGISLATIVE COUNT	23.000	23.000	25.000	25.000
Personal Services	1,081,153	1,098,196	1,515,842	1,359,184
All Other	1,914,066	1,217,205	1,863,242	1,872,328
Total	2,995,219	2,315,401	3,378,884	3,231,512
Department Summary - FEDERAL EXPENDITURES FUND				
Personal Services	101,180	108,220		
All Other	25,450	(396,236)	523,264	523,264
Total	126,630	(288,016)	523,264	523,264
Department Summary - OTHER SPECIAL REVENUE FUNDS				
Positions - LEGISLATIVE COUNT	2.500	2.500	2.500	2.500
Personal Services	1,043,002	262,858	192,375	200,560
All Other	18,171,663	18,828,656	19,524,747	20,218,199
Capital Expenditures		365,913	5,000,000	5,000,000
Unallocated	(431,500)	(1,322,500)		
Total	18,783,165	18,134,927	24,717,122	25,418,759
Department Summary - FUND FOR HEALTHY MAINE				
All Other		(8,391,658)		
Total	0	(8,391,658)	0	0
Department Summary - FINANCIAL AND PERSONNEL SERVICES FUND				
Positions - LEGISLATIVE COUNT	276.000	277.000	270.000	270.000
Personal Services	8,748,475	17,754,380	17,392,280	17,949,361
All Other	1,558,493	2,614,020	1,913,269	1,895,253
Total	10,306,968	20,368,400	19,305,549	19,844,614
Department Summary - POSTAL, PRINTING & SUPPLY FUND				
Positions - LEGISLATIVE COUNT	51.000	51.000	50.000	50.000
Positions - FTE COUNT	0.375	0.375	0.375	0.375
Personal Services	2,590,147	2,653,368	2,710,931	2,800,634
All Other	1,529,327	1,579,933	1,579,933	1,579,933
Total	4,119,474	4,233,301	4,290,864	4,380,567
Department Summary - OFFICE OF INFORMATION SERVICES FUND				
Positions - LEGISLATIVE COUNT	481.000	481.000	484.500	484.500
Positions - FTE COUNT	0.456	0.456		
Personal Services	19,357,868	40,090,613	40,655,930	41,748,086
All Other	7,638,432	7,641,513	16,762,839	16,762,880

Department Summary - OFFICE OF INFORMATION SERVICES FUND

Capital Expenditures

12,659,337 8,628,114

Total 26,996,300 47,732,126 70,078,106 67,139,080

Department Summary - RISK MANAGEMENT FUND

Positions - LEGISLATIVE COUNT

5,000 5,000 5,000 5,000

Personal Services

360,412 374,422 370,986 380,728

All Other

247,729 233,719 3,515,976 3,515,976

Total 608,141 608,141 3,886,962 3,896,704

Department Summary - WORKERS' COMPENSATION MANAGEMENT FUND

Positions - LEGISLATIVE COUNT

12,000 12,000 13,000 13,000

Personal Services

1,240,610 1,272,545 1,365,019 1,392,231

All Other

18,104,565 18,104,565 18,111,530 18,112,182

Total 19,345,175 19,377,110 19,476,549 19,504,413

Department Summary - CENTRAL MOTOR POOL

Positions - LEGISLATIVE COUNT

15,000 15,000 15,000 15,000

Personal Services

792,788 830,536 847,864 874,653

All Other

4,561,939 4,592,377 6,015,188 6,095,627

Total 5,354,727 5,422,913 6,863,052 6,970,280

Department Summary - REAL PROPERTY LEASE INTERNAL SERVICE FUND

Positions - LEGISLATIVE COUNT

3,000 3,000 3,000 3,000

Personal Services

196,748 203,662 226,057 231,116

All Other

20,493,008 20,486,094 23,136,094 23,619,094

Total 20,689,756 20,689,756 23,362,151 23,850,210

Department Summary - BUREAU OF REVENUE SERVICES FUND

All Other

625,000 150,000 150,000 150,000

Total 625,000 150,000 150,000 150,000

Department Summary - RETIREE HEALTH INSURANCE FUND

All Other

48,400,235 48,400,235 48,400,235 48,400,235

Total 48,400,235 48,400,235 48,400,235 48,400,235

Department Summary - ACCIDENT, SICKNESS & HEALTH INSURANCE INTERNAL SERVICE FUND

Positions - LEGISLATIVE COUNT

14,000 14,000 14,000 14,000

Personal Services

809,775 851,074 864,329 889,351

All Other

777,665 741,289 922,483 953,473

Total 1,587,440 1,592,363 1,786,812 1,842,824

Department Summary - STATEWIDE RADIO AND NETWORK SYSTEM RESERVE FUND

All Other

279,044 1,652,040 1,712,000 3,423,253

Total 279,044 1,652,040 1,712,000 3,423,253

Department Summary - STATE ADMINISTERED FUND

All Other

2,094,628 2,094,628 2,043,128 2,043,128

Total 2,094,628 2,094,628 2,043,128 2,043,128

Department Summary - STATE LOTTERY FUND

Positions - LEGISLATIVE COUNT

28,000 28,000 26,000 26,000

Personal Services

1,678,769 1,756,900 1,733,842 1,771,176

All Other

2,932,139 2,932,139 2,932,139 2,932,139

Total 4,610,908 4,689,039 4,665,981 4,703,315

Department Summary - RETIREE HEALTH INSURANCE - LAW ENFORCEMENT/FIRE FIGHTERS

Positions - LEGISLATIVE COUNT

1,000 1,000 1,000

Personal Services

26,000 52,209 54,660

All Other

55,000 57,183 57,234

Total 0 81,000 109,392 111,894

BUREAU OF REVENUE SERVICES FUND 0885

What the Budget purchases:

The Bureau of Revenue Services Fund exists to provide a vehicle to deliver revenue collection services throughout State Government.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - BUREAU OF REVENUE SERVICES FUND				
All Other	625,000	150,000	150,000	150,000
Total	625,000	150,000	150,000	150,000

Initiative: NONE

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - BUREAU OF REVENUE SERVICES FUND				
All Other	625,000	150,000	150,000	150,000
Total	625,000	150,000	150,000	150,000

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

0885 Bureau of Revenue Services Fund

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Bureau of Revenue Services Fund	\$150,000	\$150,000

Justification:

Provide imaging, scanning, debt collection, and administrative services to other state agencies. Provide a vehicle to deliver revenue collection services throughout state government.

COUNTY TAX REIMBURSEMENT 0263

What the Budget purchases:

The purpose of the program is to reimburse county governments for services performed for residents of the unorganized townships.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	950,000	990,000	990,000	990,000
Total	950,000	990,000	990,000	990,000

2007-08 2008-09

Initiative: Provides funding for an anticipated increase in excise tax reimbursements.

OTHER SPECIAL REVENUE FUNDS

All Other		49,500	101,475
Total		49,500	101,475

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	950,000	990,000	1,039,500	1,091,475
Total	950,000	990,000	1,039,500	1,091,475

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

0263 County Tax Reimbursement

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$990,000	\$990,000

Justification:

The primary function of this program is to ensure that revenue collected from Unorganized Territory taxpayers for motor vehicle and watercraft excise taxes is used to provide services to the Unorganized Territory Tax District. Receipts are funneled to the appropriate County treasury having jurisdiction over that unorganized place. This money is used to reduce the amount that would otherwise need to be raised through the property tax for the purpose of reimbursing counties for services provided by them in Unorganized Territory within that County. The State Tax Assessor has authorized 61 agents to serve as Unorganized Territory tax collectors at various locations throughout twelve of the sixteen Maine counties. Typically, agent-collectors are also municipal excise tax collectors serving in jurisdictions near selected Unorganized Territory residential areas. This revenue line has proved very difficult to project because the inventory of vehicles changes constantly and may be somewhat cyclical. Inasmuch as vehicle ownership and frequency of replacement follow no discernable pattern or trend our estimations do not warrant a high degree of confidence.

Initiative:

Provides funding for an anticipated increase in excise tax reimbursements.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$49,500	\$101,475

Justification:

Provides funding at an anticipated level for reimbursements for excise tax paid on motor vehicles, motor boats etc.

ELDERLY TAX DEFERRAL PROGRAM 0650**What the Budget purchases:**

The Elderly Tax Deferral Program enables previously qualified Maine resident elderly homeowners to defer payment of homestead property taxes. This program is intended to reduce the incidence of displacing elderly persons from the homestead.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	40,900	41,923	41,923	41,923
Total	40,900	41,923	41,923	41,923

Initiative: Reduces funding to the anticipated level of expenditures for the Elderly Tax Deferral program.

OTHER SPECIAL REVENUE FUNDS

All Other		(11,923)	(12,923)
Total		(11,923)	(12,923)

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	40,900	41,923	30,000	29,000
Total	40,900	41,923	30,000	29,000

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

0650 Elderly Tax Deferral Program

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$41,923	\$41,923

Justification:

The purpose of the Elderly Tax Deferral Program is to enable qualifying Maine Resident elderly homeowners to defer payment of "homestead" property taxes. Property taxes may present hardships for some elderly homeowners with limited income. This program can help reduce the incidence of elderly persons being displaced from the homestead. The State pays the participant's property tax directly to the municipality that expects timely payment of property taxes in order to maintain necessary services. The program assists those elderly homeowners that may not have the financial ability to satisfy payment demands in full or in a timely fashion and thus may otherwise be compelled to sell the property, seek relief or face tax lien proceedings. The interest of the State in the property is protected by the filing of a lien. Applications with instructions were made available to interested persons by Maine Revenue Services. The taxpayer filed a completed application with the municipal assessor, who appends parcel identifier information and forwards it to the State Tax Assessor. Taxpayers deemed eligible under ownership, residency, age and income criteria were accepted and notified. Municipal officials were then instructed to forward tax statements for the homestead to the State. The State issues payment to the town, produces an annual account statement for the participant, and files a list of liens on deferred properties at the appropriate Registry of Deeds. The program was available to application through March 31, 1991. The program now consists of paying the annual obligations of initially qualified participants, providing necessary account statements, filing notice of lien and discharging liens resulting from attrition.

Initiative:

Reduces funding to the anticipated level of expenditures for the Elderly Tax Deferral program.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$(11,923)	\$(12,923)

Justification:

The number of participants in this program continues to decline.

HOMESTEAD PROPERTY TAX EXEMPTION - MANDATE REIMBURSEMENT 0887

What the Budget purchases:

The Homestead Exemption Administrative Cost Reimbursement program is required by statute to offset in full, the added local costs incurred by local governments to administer the local property tax exemption program for certain homestead property of qualified Maine residents.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Program Summary - GENERAL FUND				
All Other	140,600	25,600	25,600	25,600
Total	140,600	25,600	25,600	25,600

			2007-08	2008-09
Initiative:	Provides funding for mandated homestead property tax exemptions.			

GENERAL FUND

All Other		5,400	5,400
Total		5,400	5,400

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Revised Program Summary - GENERAL FUND				
All Other	140,600	25,600	31,000	31,000
Total	140,600	25,600	31,000	31,000

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

0887 Homestead Property Tax Exemption - Mandate Reimbursement

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$25,600	\$25,600

Justification:

The Homestead Tax Exemption Mandate Reimbursement Program is included in Chapter 643 Part HHH-3, PL 1997. The purpose of the program is to reimburse municipalities and the Unorganized Territory Education and Services Fund for state mandated costs related to the implementation of the Homestead Tax Exemption Program as required under the Constitution of Maine, Article IX, Section 21, and Title 30-A, sec. 5685.

Initiative:

Provides funding for mandated homestead property tax exemptions.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$5,400	\$5,400

Justification:

Municipal re-evaluations and an active real estate market have resulted in an increase in municipal homestead property tax exemption application processing.

HOMESTEAD PROPERTY TAX EXEMPTION REIMBURSEMENT 0886

What the Budget purchases:

The Homestead Property Tax Exemption Reimbursement program exists to help offset the effect on local property tax burdens arising from the municipal exemption of certain homestead property of qualified Maine residents.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
All Other	31,638,172	31,167,826	36,267,826	36,267,826
Total	31,638,172	31,167,826	36,267,826	36,267,826

2007-08	2008-09
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Initiative: Reduces funding to an anticipated level for reimbursements for homestead property tax exemptions.

GENERAL FUND

All Other	(7,661,235)	(7,191,428)
Total	(7,661,235)	(7,191,428)

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
All Other	31,638,172	31,167,826	28,606,591	29,076,398
Total	31,638,172	31,167,826	28,606,591	29,076,398

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

0886 Homestead Property Tax Exemption Reimbursement

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$36,267,826	\$36,267,826

Justification:

The purpose of the reimbursement is to offset the effect upon local property tax burden arising from the municipal exemption provided for the homestead of qualified residents that can certify ownership and permanent residency in Maine for the 12 months preceding the April 1st application date.

Initiative:

Reduces funding to an anticipated level for reimbursements for homestead property tax exemptions.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$(7,661,235)	\$(7,191,428)

Justification:

A decline in the municipal MIL rates has reduced the number of homestead property tax exemptions.

MAINE ASTHMA AND LUNG DISEASE RESEARCH FUND 2026

What the Budget purchases:

The Maine Asthma and Lung Disease Research Fund within the Department of Administrative and Financial Services was established to account for outside contributions used to pay the administrative costs of Maine Revenue Services to administer the income tax checkoff program in accordance with the Maine Revised Statutes, Title 36, section 5290.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other		14,648	14,648	14,648
Total	0	14,648	14,648	14,648

Initiative: NONE

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other		14,648	14,648	14,648
Total	0	14,648	14,648	14,648

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

Z026 Maine Asthma and Lung Disease Research Fund (DAFS)

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$14,648	\$14,648

Justification:

The purpose of the Maine Asthma and Lung Disease Research Fund within the Department of Administrative and Financial Services is to account for and transfer contributions made to the Fund via the income tax checkoff to the Department of Health and Human Services and to account for other contributions that are used to pay the administrative costs of Maine Revenue Services to administer the income tax checkoff program in accordance with the Maine Revised Statutes, Title 36, section 5290.

REVENUE SERVICES - BUREAU OF 0002

What the Budget purchases:

Maine Revenue Services (MRS) exists primarily to collect tax revenues necessary to support Maine State Government. To achieve this end, the bureau must responsibly administer state tax law. Subsidiary responsibilities of MRS include (1) oversight of municipal tax administration in order to assist municipalities and provide uniformity of local taxes throughout the State; and (2) operation of various tax relief programs to provide tax relief to taxpayers pursuant to Maine law.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	322,000	322,000	320,500	320,500
Positions - FTE COUNT	0.769	0.769	0.769	0.769
Personal Services	19,375,848	17,975,465	20,912,215	21,586,959
All Other	10,371,561	12,789,726	12,460,572	12,460,572
Capital Expenditures	260,200	268,000		
Total	30,007,609	31,033,191	33,372,787	34,047,531
Program Summary - HIGHWAY FUND - Informational				
Positions - LEGISLATIVE COUNT	3,000	3,000	3,000	3,000
Personal Services	199,900	203,452	229,196	233,332
All Other	22,256	24,394	24,394	24,394
Total	222,156	227,846	253,590	257,726
Program Summary - FEDERAL EXPENDITURES FUND				
All Other	5,000	5,000	5,000	5,000
Total	5,000	5,000	5,000	5,000
Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	3,578,980	3,622,453	3,622,453	3,622,453
Total	3,578,980	3,622,453	3,622,453	3,622,453

	2007-08	2008-09
Initiative: Provides funding to meet contractual obligations for temporary personnel contracts used during tax season to handle and process tax returns. Failure to fund this request will hinder the bureau's ability to process tax returns and deposit revenues in a timely manner.		

GENERAL FUND

All Other		336,959	349,149
Total		336,959	349,149

	2007-08	2008-09
Initiative: Provides funding for the updating of econometric database information used for revenue projections provided to the Revenue Forecasting Committee.		

GENERAL FUND

All Other		300,000
Total	0	300,000

	2007-08	2008-09
Initiative: Provides funding for the debt service payments for the Maine Revenue Integrated Tax System (MERITS) project which was authorized by Public Law 2005, chapter 519, Part O, section O-1 and are expected to be \$2,281,261 annually.		
GENERAL FUND		
All Other	2,281,261	2,281,261
Total	2,281,261	2,281,261

	2007-08	2008-09
Initiative: Provides funding for an additional law enforcement contractor position assigned to uncollectible cases. Currently one contractor is responsible in this area but the workload is overwhelming for this one person. It is anticipated with 2 people assigned to these cases that net additional General Fund undedicated revenue of \$237,000 will be generated each year.		
GENERAL FUND		
All Other	57,638	59,368
Total	57,638	59,368

	2007-08	2008-09
Initiative: Provides funding for increased legal services provided by the Office of the Attorney General to Maine Revenue Services for out-of-state judgment work, injunctions and lien enforcement. It is estimated that this initiative will generate net additional General Fund undedicated revenue of \$479,688 annually.		
GENERAL FUND		
All Other	80,162	84,792
Total	80,162	84,792

	2007-08	2008-09
Initiative: Provides funding for current contractual obligations relating to out-of-state income tax debt collections.		
OTHER SPECIAL REVENUE FUNDS		
All Other	860,947	866,047
Total	860,947	866,047

	2007-08	2008-09
Initiative: Transfers 2 Senior Revenue Agent positions and allocates Personal Services funding for an additional 5.3 full-time equivalent positions and All Other funds related to these positions from the General Fund to the Highway Fund in order to properly recognize and account for the total costs of fuel tax administration within the Maine Revenue Services program in the Highway Fund. This initiative will reduce General Fund undedicated revenue by \$690,000 in fiscal year 2007-08 and \$690,000 in fiscal year 2008-09.		
GENERAL FUND		
Positions - LEGISLATIVE COUNT	-2,000	-2,000
Personal Services	(515,421)	(531,173)
All Other	(140,217)	(147,483)
Total	(655,638)	(678,656)

	2007-08	2008-09
HIGHWAY FUND - Informational		
Positions - LEGISLATIVE COUNT	2,000	2,000
Personal Services	515,421	531,173
All Other	140,217	147,483
Total	655,638	678,656

	2007-08	2008-09
Initiative: Adjusts funding for supporting existing information technology agency applications within the agency.		
GENERAL FUND		
All Other	210,869	501,032
Total	210,869	501,032

2008-2009 Biennial Budget Bill

Revenue / Transfer Form

Joint Standing Committee on Appropriations and Financial Affairs

Department/Agency Name: Department of Administrative and Financial Services

Program Name: Maine Revenue Services

Account Number(s): 010 18F 0002 07

Part and Section: A-1

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
Revenue or Balance Transfer Increase / (Decrease):	\$237,000	\$237,000

Description of Initiative:

The revenue increase is related to an initiative that provides funding for an additional law enforcement contractor position assigned to uncollectible cases. Currently one contractor is responsible in this area but the workload is overwhelming for this one person. It is anticipated with 2 people assigned to these cases that net additional General Fund undedicated revenue of \$237,000 will be generated each year.

Does this Initiative have an impact on the 2010-2011 Biennium? (Yes) X (No)

The revenue impact is on-going.

2008-2009 Biennial Budget Bill

Revenue / Transfer Form

Joint Standing Committee on Appropriations and Financial Affairs

Department/Agency Name: Department of Administrative and Financial Services

Program Name: Maine Revenue Services

Account Number(s): 010 18F 0002 07

Part and Section: A-1

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
Revenue or Balance Transfer Increase / (Decrease):	\$479,688	\$479,688

Description of Initiative:

The revenue increase is related to an initiative that provides funding for increased legal services provided by the Office of the Attorney General to Maine Revenue Services for out-of-state judgment work, injunctions and lien enforcement. It is estimated that this initiative will generate net additional General Fund undedicated revenue of \$479,688 annually.

Does this Initiative have an impact on the 2010-2011 Biennium? (Yes) X (No)

The revenue impact is on-going.

Revenue / Transfer Form

Joint Standing Committee on Appropriations and Financial Affairs

Department/Agency Name: Department of Administrative and Financial ServicesProgram Name: Maine Revenue ServicesAccount Number(s): 010 18F 0002 07Part and Section: A-1

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
Revenue or Balance Transfer Increase / (Decrease):	(\$690,000)	(\$690,000)

Description of Initiative:

The revenue decrease is related to an initiative that transfers 2 Senior Revenue Agent positions and allocates Personal Services funding for an additional 5.3 full-time equivalent positions and All Other funds related to these positions from the General Fund to the Highway Fund in order to properly recognize and account for the total costs of fuel tax administration within the Maine Revenue Services program in the Highway Fund. This initiative will reduce General Fund undedicated revenue by \$690,000 in fiscal year 2007-08 and \$690,000 in fiscal year 2008-09.

Does this Initiative have an impact on the 2010-2011 Biennium? (Yes) X (No)

The revenue impact is on-going.

	2007-08	2008-09
Initiative: Eliminates one District Tax Audit Manager position and one Office Associate II position and related All Other savings from the closure of the Bangor branch of Maine Revenue Services.		
GENERAL FUND		
Positions - LEGISLATIVE COUNT	-2,000	-2,000
Personal Services	(154,001)	(157,313)
All Other	(20,660)	(20,660)
Total	(174,661)	(177,973)

	2007-08	2008-09
Initiative: Eliminates 2 Senior Tax Examiner positions, 9 Tax Examiner positions, 2 Office Assistant II positions and one Office Associate II position and related All Other savings from the closure of the Houlton branch of Maine Revenue Services.		
GENERAL FUND		
Positions - LEGISLATIVE COUNT	-14,000	-14,000
Personal Services	(781,308)	(811,162)
All Other	(31,540)	(31,540)
Total	(812,848)	(842,702)

	2007-08	2008-09
Initiative: Establishes one Tax Section Manager position, 3 Senior Tax Examiner positions and 4 Tax Examiner positions and related All Other funds for the Augusta Branch Office of Maine Revenue Services to carry out the work of those positions that were eliminated from the closure of the Bangor and Houlton branches.		
GENERAL FUND		
Positions - LEGISLATIVE COUNT	8,000	8,000
Personal Services	489,025	516,200
All Other	50,900	13,300
Total	539,925	529,500

	2007-08	2008-09
Initiative: Reduces funding from savings identified in the All Other line category for Maine Revenue Services.		
GENERAL FUND		
All Other	(356,109)	(356,109)
Total	(356,109)	(356,109)

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
Positions - LEGISLATIVE COUNT	322,000	322,000	310,500	310,500
Positions - FTE COUNT	0.769	0.769	0.769	0.769
Personal Services	19,375,848	17,975,465	19,950,510	20,603,511
All Other	10,371,561	12,789,726	14,929,835	15,493,682
Capital Expenditures	260,200	268,000		
Total	30,007,609	31,033,191	34,880,345	36,097,193

Revised Program Summary - HIGHWAY FUND - Informational

Positions - LEGISLATIVE COUNT	3,000	3,000	5,000	5,000
Personal Services	199,900	203,452	744,617	764,505
All Other	22,256	24,394	164,611	171,877
Total	222,156	227,846	909,228	936,382

Administrative and Financial Services, Department of

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Revised Program Summary - FEDERAL EXPENDITURES FUND				
All Other	5,000	5,000	5,000	5,000
Total	5,000	5,000	5,000	5,000
Revised Program Summary - OTHER SPECIAL REVENUE FUNDS				
All Other	3,578,980	3,622,453	4,483,400	4,488,500
Total	3,578,980	3,622,453	4,483,400	4,488,500

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

0002 Revenue Services - Bureau of

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$33,372,787	\$34,047,531
Federal Expenditures Fund	\$5,000	\$5,000
Other Special Revenue Funds	\$3,622,453	\$3,622,453

Justification:

Maine Revenue Services (MRS) exists primarily to collect tax revenues necessary to support Maine State Government. In order to achieve this end, MRS must responsibly administer state tax law. Subsidiary responsibilities of MRS include 1) oversight of municipal tax administration in order to assist municipalities and provide uniformity of local taxes throughout the state, and 2) operation of various tax relief programs to provide tax relief to taxpayers pursuant to Maine law. In order to achieve MRS' purposes, these major functional areas have evolved. The duties of each are divided among operating divisions of Maine Revenue Services. Tax Administration: Income & Estate Division administers income and estate tax law and the Maine Residents Property Tax Program; and the Business Equipment Tax Reimbursement ("BETR") Program; Sales, Fuel & Special Tax Division administers sales/use and fuel tax law, recycling assistance fee and various tax refund programs; Property Tax Division administers oversight and provides direction to municipal tax administration, determination of the Municipal State Valuation, property and motor vehicle/watercraft excise taxation in the Unorganized Territories and the Tree Growth Tax Law and Veterans' Exemption statute and the Homestead Tax Exemption Reimbursement Program; and the Legal Research Division provides the assessor with legal research into questions of tax law, supports the Attorney General's legal representation by serving as a communication link, and reviews and comments on the determinations prepared by the Appellate Division. Operations: Operations Division provides mail processing and deposits tax revenues, prepares budgets for the Bureau, monitors Bureau expenditures, provides bureau-wide business services, analyzes tax legislation and operates, maintains and develops the Bureau's computer network; Computer Services & Data Entry Division designs, maintains and operates automated systems within the Bureau, provides oversight of Bureau electronic data processing hardware, and provides Bureau-wide data entry services; and the Research Division provides research support to the Bureau, develops economic models for tax policy analysis, and monitors monthly tax revenues. Compliance: Sales, Fuel & Special Tax Division, Audit Unit, audits various businesses and individuals to determine their tax liabilities and assists taxpayers in the understanding necessary to comply with Maine tax law; the Enforcement Division serves as the Bureau's collection agency for delinquent taxes and pursues tax returns which are not filed in a timely fashion; and the Appellate Division drafts recommended decisions of the assessor in matters relating to reconsideration and abatement requests and conducts required taxpayer conferences.

Initiative:

Provides funding to meet contractual obligations for temporary personnel contracts used during tax season to handle and process tax returns. Failure to fund this request will hinder the bureau's ability to process tax returns and deposit revenues in a timely manner.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$336,959	\$349,149

Justification:

Temporary personnel contract for tax return processing is expected to be \$664,768 in FY08 and FY09. Actual expenditures in this category were \$1,368,905 in FY06 and current level funding is \$914,359. Additional funding needed to meet contractual obligations.

Initiative:

Provides funding for the updating of econometric database information used for revenue projections provided to the Revenue Forecasting Committee.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$-	\$300,000

Justification:

Approximately every 2 years federal data from 1040 returns is updated and made available to the state. Funds are required for consulting services to ensure that the information used in revenue forecasting is current.

Initiative:

Provides funding for the debt service payments for the Maine Revenue Integrated Tax System (MERITS) project authorized by Public Law 2005, chapter 519, Part O, section 1 and are expected to be \$2,281,261 annually.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$2,281,261	\$2,281,261

Justification:

Public Law 2005, chapter 519, Part O, Section O-1 authorized the Department of Administrative and Financial Services, Office of Information Technology to enter into financing arrangements for the acquisition of hardware, software and other systems retrofitting to support the operations of the Maine Revenue Services tax administration. The financial agreement may not exceed 7 years and \$14,000,000 in principal costs.

Initiative:

Provides funding for an additional law enforcement contractor position assigned to uncollectible cases. Currently one contractor is responsible in this area but the workload is overwhelming for this one person. It is anticipated with 2 people assigned to these cases that net additional General Fund undedicated revenue of \$237,000 will be generated each year.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$57,638	\$59,368

Justification:

There are currently four contracted law enforcement personnel; three of which work primarily on sales and income tax debt cases. The fourth position is part of a new undertaking assigned to uncollectible cases. The work in this field is overwhelming for one person. Net additional General Fund undedicated revenues of \$237,000 would be generated each year with the addition of this position.

Initiative:

Provides funding for increased legal services provided by the Office of the Attorney General to Maine Revenue Services for out-of-state judgment work, injunctions and lien enforcement. It is estimated that this initiative will generate net additional General Fund undedicated revenue of \$479,688 annually.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$80,162	\$84,792

Justification:

The Office of the Attorney General currently provides these services, however the workload is such that the Statute of Limitations on some of the tax cases has come dangerously close to expiring. The estimated additional gross revenues to be received annually would total \$506,000. This amount can be attributed to the following special enforcement functions: Out of State Judgments in the amount of \$280,000, Injunctions in the amount of \$151,000 and Lien Enforcements in the amount of \$75,000.

Initiative:

Provides funding for current contractual obligations relating to out-of-state income tax debt collections.

	<u>2007-08</u>	<u>2008-09</u>
Other Special Revenue Funds	\$860,947	\$866,047

Justification:

The state contracts with an out of state collections department responsible for collecting federal 1040 debt. This account is used to pay contingency related expenditures. All contingency payments are connected to debt collection. The increase in the amount of 014 funding is a direct result of the bureau's increased collection efforts which in turn equates to high fees being paid out to vendors.

Initiative:

Transfers 2 Senior Revenue Agent positions and allocates Personal Services funding for an additional 5.3 full-time equivalent positions and All Other funds related to these positions from the General Fund to the Highway Fund in order to properly recognize and account for the total costs of fuel tax administration within the Maine Revenue Services program in the Highway Fund. This initiative will reduce General Fund undedicated revenue by \$690,000 in fiscal year 2007-08 and \$690,000 in fiscal year 2008-09.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$(655,638)	\$(678,656)

Justification:

Currently, the General Fund is reimbursed by the Highway Fund for services provided by Maine Revenue Service's revenue agents, administrative support staff and legislative analysts. There are currently 3 agents being paid directly from the Maine Revenue Service Highway Fund budget and 7.3 full time equivalent positions that are paid for through a transfer of funds from the Highway Fund to the General Fund. Reimbursement for the 5.3 FTE's occurs through an internal invoice, set-up in quarterly installments by General Government Service Center personnel. What is proposed is that these costs (Personal Services and All Other costs) would be included with the bureau's existing Highway Fund Budget (012-18F-0002-07) beginning with the 08/09 biennium. The benefit to both agencies is the increased visibility of the costs for fuel tax administration and the elimination of quarterly internal invoices. The new process would create an allocation in the Highway Fund to more visibly account for the total costs of fuel tax administration and eliminate the need for a fund transfer.

Initiative:

Adjusts funding for supporting existing information technology agency applications within the agency.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$210,869	\$501,032

Justification:

Incremental cost for the management and maintenance of existing applications not attributable to the OIT consolidation or OIT rates. The programs impacted in DAFS are the Office of Information Services - Administration; Maine Revenue Services, and the Office of the State Controller. Examples of these costs include vendor support contracts, software licenses, equipment, and equipment maintenance.

Initiative:

Eliminates one District Tax Audit Manager position and one Office Associate II position and related All Other savings from the closure of the Bangor branch of Maine Revenue Services.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$(174,661)	\$(177,973)

Justification:

Eliminates one District Tax Audit Manager position and one Office Associate II position and related All Other savings from the closure of the Bangor branch of Maine Revenue Services.

Initiative:

Eliminates 2 Senior Tax Examiner positions, 9 Tax Examiner positions, 2 Office Assistant II positions and one Office Associate II position and related All Other savings from the closure of the Houlton branch of Maine Revenue Services.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$(812,848)	\$(842,702)

Justification:

Eliminates 2 Senior Tax Examiner positions, 9 Tax Examiner positions, 2 Office Assistant II positions and one Office Associate II position and related All Other savings from the closure of the Houlton branch of Maine Revenue Services.

Initiative:

Establishes one Tax Section Manager position, 3 Senior Tax Examiner positions and 4 Tax Examiner positions and related All Other funds for the Augusta branch office of Maine Revenue Services to carry out the work of those positions that were eliminated from the closure of the Bangor and Houlton branches.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$539,925	\$529,500

Justification:

Establishes one Tax Section Manager position, 3 Senior Tax Examiner positions and 4 Tax Examiner positions and related All Other funds for the Augusta Branch Office of Maine Revenue Services to carry out the work of those positions that were eliminated from the closure of the Bangor and Houlton branches.

Initiative:

Reduces funding from savings identified in the All Other line category for Maine Revenue Services.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$(356,109)	\$(356,109)

Justification:

Reduces funding from savings identified in the All Other by reducing computer consulting expenditures, eliminating a law school intern program, relocating the Taxpayer Service Center from the Muskie Federal Building to MRS main offices, ending paid advertising for the Tax and Rent Refund Program and making less use of certified mail.

SNOW GROOMING PROPERTY TAX EXEMPTION REIMBURSEMENT Z024

What the Budget purchases:

The Snow Grooming Property Tax Exemption Reimbursement program was established to reimburse municipalities 50% of the property tax revenue loss as a result of the exemption for snow grooming equipment registered with the Department of Inland Fisheries and Wildlife.

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Program Summary - GENERAL FUND				
All Other		18,565	18,565	18,565
Total	0	18,565	18,565	18,565

Initiative: NONE

	<u>Actual</u>	<u>Current</u>	<u>Budgeted</u>	<u>Budgeted</u>
	2005-06	2006-07	2007-08	2008-09
Revised Program Summary - GENERAL FUND				
All Other		18,565	18,565	18,565
Total	0	18,565	18,565	18,565

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

Z024 Snow Grooming Property Tax Exemption Reimbursement

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$18,565	\$18,565

Justification:

The purpose of the Snow Grooming Property Tax Exemption Reimbursement program is to reimburse municipalities 50% of the property tax revenue loss as a result of the exemption for snow grooming equipment registered with the Department of Inland Fisheries and Wildlife.

TREE GROWTH TAX REIMBURSEMENT 0261

What the Budget purchases:

The Tree Growth Tax Reimbursement program exists to restrain municipal property tax rates for towns that experience a substantial tax shift due to the mandated use of (lower) current use values in place of (higher) ad valorem values for assessing classified forest land.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
All Other		5,400,000	5,400,000	5,400,000
Total	0	5,400,000	5,400,000	5,400,000

Initiative: Provides funding for tree growth tax reimbursements for cities and towns.

GENERAL FUND

All Other		200,000	300,000
Total		200,000	300,000

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
All Other		5,400,000	5,600,000	5,700,000
Total	0	5,400,000	5,600,000	5,700,000

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

0261 Tree Growth Tax Reimbursement

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$5,400,000	\$5,400,000

Justification:

The purpose of the Tree Growth Tax Reimbursement Program is to help moderate property tax rates for municipalities that experience reduced valuations due to the mandated use of (lower) current use values in place of (higher) ad valorem values. The reduced valuation on forestland causes a general shift in local tax burden to non-classified property because the lower taxable valuation base produces a somewhat higher property tax rate. Municipal reimbursement is appropriate when it is determined that the use of mandated Tree Growth values results in a "tax loss" associated with classified forest lands as determined according to the statutorily established formula. The "tax loss" is offset by the calculated municipal savings in local share education costs that results from a lower State Valuation attributed to the use of Tree Growth values in determining said state valuation. Furthermore, the 90% amount of statutory reimbursement is subject to prorating based on the program allocation if full funding is not provided. In addition, municipalities that fail to comply with statutory requirements to maintain at least a 70% assessment ratio or timely file a completed Municipal Valuation Return will forfeit some or all of their reimbursement. There are at least 3,664,077 classified acres included in 22,199 parcels in municipalities statewide. Nine municipalities have no land classified in Tree Growth. There are 7,568,360 acres of classified forestland in the Unorganized Territory that receives no reimbursement. Forty percent of Unorganized Territory revenue is derived from owners of forestland classified under the Tree Growth Tax Law.

Initiative:

Provides funding for tree growth tax reimbursements for cities and towns.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$200,000	\$300,000

Justification:

As the state increases education subsidy to meet the 55% requirement, the municipal education costs offset in the Tree Growth Reimbursement formula are reduced, increasing the amount of reimbursement for most municipalities.

VETERANS TAX REIMBURSEMENT 0407**What the Budget purchases:**

The Veterans Tax Reimbursement program's purpose is to diminish the effect on local property tax burdens arising from the municipal exemption of certain property of qualifying veterans.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
All Other		895,000	895,000	895,000
Total	0	895,000	895,000	895,000

Initiative: Reduces funding to an anticipated level for veterans tax reimbursements.

GENERAL FUND

All Other		(95,000)	(70,000)
Total		(95,000)	(70,000)

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
All Other		895,000	800,000	825,000
Total	0	895,000	800,000	825,000

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

0407 Veterans Tax Reimbursement

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$895,000	\$895,000

Justification:

The Veteran's Tax Exemption Reimbursement Program is mandated by Article IV, Part 3, Section 23 of the Maine Constitution. The purpose of the reimbursement is to diminish the effect upon local property tax burden arising from the municipal exemption provided for the estates of qualified veterans and certain survivors of a deceased veteran that are eligible based on the qualifying service of that veteran.

Initiative:

Reduces funding to an anticipated level for veterans tax reimbursements.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$(95,000)	\$(70,000)

Justification:

Declining municipal MIL rates as well as the number of qualifying veterans has resulted in a reduction in the overall reimbursement amounts.

WASTE FACILITY TAX REIMBURSEMENT 0907

What the Budget purchases:

The purpose of the program is to reimburse municipalities for 50% of property tax revenue lost as a result of property tax exemptions provided to waste storage facilities.

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Program Summary - GENERAL FUND				
All Other	5,850	5,950	5,950	5,950
Total	5,850	5,950	5,950	5,950

Initiative: Provides funding for tax reimbursements to cities and towns for waste facilities.

GENERAL FUND

All Other

	2007-08	2008-09
	3,050	4,050
Total	3,050	4,050

	<u>Actual</u> 2005-06	<u>Current</u> 2006-07	<u>Budgeted</u> 2007-08	<u>Budgeted</u> 2008-09
Revised Program Summary - GENERAL FUND				
All Other	5,850	5,950	9,000	10,000
Total	5,850	5,950	9,000	10,000

DEPARTMENT OF ADMINISTRATIVE AND FINANCIAL SERVICES

0907 Waste Facility Tax Reimbursement

Initiative:

BASELINE BUDGET

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$5,950	\$5,950

Justification:

The purpose of this program is to reimburse municipalities for 50% of the loss in property tax revenue resulting from granted property tax exemptions.

Initiative:

Provides funding for tax reimbursements to cities and towns for waste facilities.

	<u>2007-08</u>	<u>2008-09</u>
General Fund	\$3,050	\$4,050

Justification:

Additional funding request is attributed to an increase in claims for reimbursement.

PART S

Sec. S-1. 30-A MRSA §5681, sub-§5, ¶A, as amended by PL 2005, c. 12, Pt. E, §1, is further amended to read:

A. For months beginning before July 1, ~~2007~~ 2009, 5.1%; and

Sec. S-2. 30-A MRSA §5681, sub-§5, ¶B, as amended by PL 2005, c. 12, Pt. E, §1, is further amended to read:

B. For months beginning on or after July 1, ~~2007~~ 2009, 5.2%.

SUMMARY

PART S

This Part delays the increase from 5.1% to 5.2% in municipal revenue sharing to July 1, 2009.

2008-2009 Biennial Budget Bill

Revenue / Transfer Form

Joint Standing Committee on Appropriations and Financial Affairs

Department/Agency Name: Department of Administrative and Financial Services

Program Name: Maine Revenue Services

Account Number(s): 010 18F 0002 07

Part and Section: S

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
Revenue or Balance Transfer Increase / (Decrease):	\$2,646,366	\$2,737,527

Description of Initiative:

This revenue increase results from delaying the increase in state-municipal revenue sharing from 5.1% to 5.2% from July 1, 2007 to July 1, 2009.

Does this Initiative have an impact on the 2010-2011 Biennium? (Yes) (No) X

The revenue impact only effects the 2008-2009 biennium.

PART T

Sec. T-1. 36 MRSA §4365, as amended by PL 2005, c. 457, Pt. AA, §1 and as affected by §8, is further amended to read:

§4365. Rate of tax

A tax is imposed on all cigarettes imported into this State or held in this State by any person for sale at the rate of ~~400~~ 150 mills for each cigarette. Payment of the tax is evidenced by the affixing of stamps to the packages containing the cigarettes.

Sec. T-2. 36 MRSA §4365-F, as enacted by PL 2005, c. 457, Pt. AA, §3 and as affected by §8, is repealed.

Sec. T-3. 36 MRSA §4365-G is enacted to read:

§4365-G. Application of cigarette tax rate increase effective July 1, 2007

This section applies to cigarettes held for resale on July 1, 2007.

1. **Stamped rate.** Cigarettes stamped at the rate of 100 mills per cigarette and held for resale after June 30, 2007 are subject to tax at the rate of 150 mills per cigarette.

2. **Liability.** A person possessing cigarettes for resale is liable for the difference between the tax rate of 150 mills per cigarette and the tax rate of 100 mills per cigarette in effect before July 1, 2007. Stamps indicating payment of the tax imposed by this section must be affixed to all packages of cigarettes held for resale as of July 1, 2007, except that cigarettes held in vending machines as of that date do not require that stamp.

3. **Vending machines.** Notwithstanding any other provision of this chapter, it is presumed that all cigarette vending machines are filled to capacity on July 1, 2007 and the tax imposed by this section must be reported on that basis. A credit against this inventory tax must be allowed for cigarettes stamped at the rate of 150 mills per cigarette placed in vending machines before July 1, 2007.

4. **Payment.** Payment of the tax imposed by this section must be made to the assessor by October 1, 2007, accompanied by forms prescribed by the assessor.

Sec. T-4. 36 MRSA §4366-A, sub-§2, as amended by PL 2005, c. 622, §25 and as affected by §34, is further amended to read:

2. Provided to sellers. The State Tax Assessor shall provide stamps suitable to be affixed to packages of cigarettes as evidence of the payment of the tax imposed by this chapter. The assessor may permit a licensed distributor to pay for the stamps within 30 days after the date of purchase, if a bond satisfactory to the assessor in an amount not less than 50% of the sale price of the stamps has been filed with the assessor conditioned upon payment for the stamps. Such a distributor may continue to purchase stamps on a 30-day deferral basis only if it remains current with its cigarette tax obligations. The assessor may not sell additional stamps to a distributor that has failed to pay in full within 30 days for stamps previously purchased until such time as the overdue payment is received. The assessor shall sell cigarette stamps to licensed distributors at the following discounts from their face value:

- A. For stamps at the face value of 37 mills sold through September 30, 2001, 2.5%;
- B. For stamps at the face value of 50 mills sold prior to July 1, 2002, 2.16%;
- C. For stamps at the face value of 50 mills sold on or after July 1, 2002, 2.03%; ~~and~~
- D. For stamps at the face value of 100 mills sold prior to July 1, 2007, 1.15%; ~~and~~
- E. For stamps at the face value of 150 mills, 0.82%.

Sec. T-5. 36 MRSA §4403, as amended by PL 2005, c. 627, §§8 and 9, is further amended to read:

§4403. Tax on tobacco products

1. Smokeless tobacco. A tax is imposed on all smokeless tobacco, including chewing tobacco and snuff, at the rate of ~~78%~~ 117% of the wholesale sales price beginning ~~October 1, 2005~~ July 1, 2007.

2. Other tobacco. A tax is imposed on cigars, pipe tobacco and other tobacco intended for smoking at the rate of ~~20%~~ 30% of the wholesale sales price beginning ~~October 1, 2005~~ July 1, 2007.

3. Imposition. The tax is imposed at the time the distributor brings or causes to be brought into this State tobacco products that are for sale to consumers or to retailers or for use or at the time tobacco products are manufactured or fabricated in this State for sale in this State.

4. Exclusion. The tax imposed on tobacco products does not apply to those products exported from this State or to any tobacco products ~~which~~ that under laws of the United States may not be subject to taxation by this State.

SUMMARY

PART T

This Part increases the tax on cigarettes and tobacco products effective as of July 1, 2007.

2008-2009 Biennial Budget Bill

Revenue / Transfer Form

Joint Standing Committee on Appropriations and Financial Affairs

Department/Agency Name: Department of Administrative and Financial Services

Program Name: Maine Revenue Services

Account Number(s): 010 18F 0002 07

Part and Section: T

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
Revenue or Balance Transfer Increase / (Decrease):	\$68,296,528	\$68,056,331

Description of Initiative:

The revenue increase results from:

- Increasing the cigarette tax from 100 mills to 150 mills per cigarette or \$2.00 to \$3.00 per pack of 20 cigarettes effective July 1, 2007
- Increasing the tax on smokeless tobacco from 78% to 117% of the wholesale sales price effective July 1, 2007
- Increasing the tax on cigars and other smoking tobacco from 20% to 30% of the wholesale sales price effective July 1, 2007

Does this Initiative have an impact on the 2010-2011 Biennium? (Yes) X (No)

The revenue impact is on-going.

PART U

Sec. U-1. 10 MRSA §1100-Y, sub-§2, ¶A, as amended by PL 2005, c. 12, Pt. Q, §1, is further amended to read:

A. For initial certification, the organization must be a private, nonprofit organization that is qualified under Section 501(c)(3) of the Internal Revenue Code, that has as one of its purposes the provision of need-based scholarships to eligible students, that meets the standards adopted by the authority by rule under subsection 7, that files reports as required by this section and that:

(1) Is affiliated with and designated by an accredited institution of higher education in this State; or

(2) Has filed as a nonprofit corporation with the Secretary of State on or before April 1, ~~2006~~ 2008 and continues as a nonprofit corporation in good standing with the Secretary of State.

Sec. U-2. 10 MRSA §1100-Y, sub-§7, as amended by PL 2005, c. 12, Pt. Q, §2, is further amended to read:

7. Rulemaking. The authority, after consultation with the Bureau of Revenue Services, shall establish rules for the application, eligibility and annual filing requirements necessary to implement the certification of qualified scholarship organizations pursuant to this section and may include any rules necessary to establish initial application fees and penalties, which may include monetary penalties and revocation of certification, to ensure that a qualified scholarship organization is fulfilling the requirements of this section. These rules may also include any necessary conflict-of-interest provisions pertaining to qualified scholarship organizations. The authority shall also establish any rules necessary to define postsecondary education loans that are eligible for the recruitment credits provided under Title 36, sections 2528 and 5219-V. Rules adopted pursuant to this subsection, including those setting initial application fees and penalties, are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A. The authority shall submit a report to the joint standing committee of the Legislature having jurisdiction over education and cultural affairs and to the joint standing committee of the Legislature having jurisdiction over taxation matters by January 30, ~~2007~~ 2009 on the rules and rule-making process to implement the tax credit program established pursuant to this subchapter.

Sec. U-3. 36 MRSA §2527, sub-§2, ¶B, as amended by PL 2005, c. 12, Pt. Q, §3, is further amended to read:

B. Twenty percent of the amount contributed during the taxable year to a qualified scholarship organization for need-based scholarships for tax years beginning in ~~2007~~ 2009; or

Sec. U-4. 36 MRSA §2527, sub-§2, ¶C, as amended by PL 2005, c. 12, Pt. Q, §3, is further amended to read:

C. Fifty percent of the amount contributed during the taxable year to a qualified scholarship organization for need-based scholarships for tax years beginning after ~~2007~~ 2009.

Sec. U-5. 36 MRSA §2528, sub-§1, ¶B, as amended by PL 2005, c. 12, Pt. Q, §4, is further amended to read:

B. Beginning in ~~2007~~ 2009, 15% of the amount of loan repayments paid during the taxable year to a creditor on behalf of an employee of the taxpayer as part of a postsecondary education loan repayment agreement between the taxpayer and the employee of the taxpayer.

Sec. U-6. 36 MRSA §5219-U, sub-§2, ¶B, as amended by PL 2005, c. 12, Pt. Q, §5, is further amended to read:

B. Twenty percent of the amount contributed during the taxable year to a qualified scholarship organization for need-based scholarships for tax years beginning in ~~2007~~ 2009; or

Sec. U-7. 36 MRSA §5219-U, sub-§2, ¶C, as amended by PL 2005, c. 12, Pt. Q, §5, is further amended to read:

C. Fifty percent of the amount contributed during the taxable year to a qualified scholarship organization for need-based scholarships for tax years beginning after ~~2007~~ 2009.

Sec. U-8. 36 MRSA §5219-V, sub-§1, ¶B, as amended by PL 2005, c. 12, Pt. Q, §6, is further amended to read:

B. Beginning in ~~2007~~ 2009, 15% of the amount of loan repayments paid during the taxable year to a creditor on behalf of an employee of the taxpayer as part of a postsecondary education loan repayment agreement between the taxpayer and the employee of the taxpayer.

Sec. U-9. Application. This Part applies to tax years beginning on or after January 1, 2007.

SUMMARY

PART U

This Part delays implementation of the education tax credit from contributions made on or after January 1, 2007 to January 1, 2009.

2008-2009 Biennial Budget Bill

Revenue / Transfer Form

Joint Standing Committee on Appropriations and Financial Affairs

Department/Agency Name: Department of Administrative and Financial Services

Program Name: Maine Revenue Services

Account Number(s): 010 18F 0002 07

Part and Section: U

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
Revenue or Balance Transfer Increase / (Decrease):	\$1,515,835	\$3,087,625

Description of Initiative:

The revenue increase results from delaying the implementation of the educational attainment investment tax credit and the recruitment credit from 2007 to 2009.

NOTE: These provisions are included in Committee Amendment "A" to LD 215, the Emergency FY 07 Budget Bill.

Does this Initiative have an impact on the 2010-2011 Biennium? (Yes) X (No)

The revenue impact is on-going.

PART V

Sec. V-1. 36 MRSA §5142, sub-§3-A, as enacted by PL 2005, c. 12, Pt. MMMM, §1 and as affected by §3, is amended to read:

3-A. Gain or loss on sale of partnership interest. Notwithstanding subsection 3, the gain or loss on the sale of a partnership interest is sourced to this State in an amount equal to the gain or loss multiplied by the ratio obtained by dividing the original cost of partnership tangible property located in Maine by the original cost of partnership tangible property everywhere, determined at the time of the sale. Tangible property includes property owned or rented and is valued in accordance with section 5211, former subsection 10. If more than 50% of the value of the partnership's assets consist of intangible property, gain or loss from the sale of the partnership interest is sourced to this State in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold. For purposes of this subsection, the sales factor of a partnership is determined in accordance with section 5211, subsections 14, 15 and 16. This subsection does not apply to the sale of a limited partner's interest in an investment partnership where more than 80% of the value of the partnership's total assets consists of intangible personal property held for investment, except that such property cannot include an interest in a partnership unless that partnership is itself an investment partnership.

If the apportionment provisions of this section do not fairly represent the extent of the partnership's business activity in this State, the taxpayer may petition for, or the State Tax Assessor may require, in respect to all or any part of the partnership's business activity the employment of any other method to effectuate an equitable apportionment to this State of the partner's income from the sale of the partnership interest.

Sec. V-2. 36 MRSA §5211, sub-§8, as amended by PL 1991, c. 502, §1 and as affected by §2, is further amended to read:

8. Formula for apportionment of income to State. All income shall be apportioned to this State by multiplying the income by a fraction, ~~the numerator of which is the property factor plus the payroll factor plus twice the sales factor, and the denominator of which is 4.~~

Sec. V-3. 36 MRSA §5211, sub-§9, as enacted by P&SL 1969, c. 154, §F, is repealed.

Sec. V-4. 36 MRSA §5211, sub-§10, as amended by PL 1999, c. 708, §43, is repealed.

Sec. V-5. 36 MRSA §5211, sub-§11, as enacted by P&SL 1969, c. 154, §F, is repealed.

Sec. V-6. 36 MRSA §5211, sub-§12, as amended by PL 2001, c. 439, Pt. D, §8 and as affected by §9, is repealed.

Sec. V-7. 36 MRSA §5211, sub-§13, as enacted by P&SL 1969, c. 154, §F, is repealed.

Sec. V-8. 36 MRSA §5211, sub-§17, ¶A, as enacted by P&SL 1969, c. 154, §F, is amended to read:

A. Separate accounting; or

Sec. V-9. 36 MRSA §5211, sub-§17, ¶B, as enacted by P&SL 1969, c. 154, §F, is repealed.

Sec. V-10. 36 MRSA §5211, sub-§17, ¶C, as enacted by P&SL 1969, c. 154, §F, is repealed.

Sec. V-11. 36 MRSA §5244, as amended by PL 1997, c. 24, Pt. C, §12 and as affected by §16, is further amended to read:

§5244. Combined report

The combined report required by section 5220, subsection 5, must include, both in the aggregate and by corporation, a list of the federal taxable income, the modifications provided by section 5200-A, the ~~property, payroll and~~ sales in Maine and everywhere as defined in chapter 821 and the Maine net income of the unitary business. Neither the income nor the ~~property, payroll and~~ sales of a corporation that is not required to file a federal income tax return may be included in the combined report.

Sec. V-12. Application. Those sections of this Part that amend the Maine Revised Statutes, Title 36, sections 5211 and 5244 apply to tax years beginning on or after January 1, 2007.

SUMMARY**PART V**

This Part amends the 3-factor corporate income apportionment formula to a single factor, based upon sales, effective for tax years beginning on or after January 1, 2007.

2008-2009 Biennial Budget Bill

Revenue / Transfer Form

Joint Standing Committee on Appropriations and Financial Affairs

Department/Agency Name: Department of Administrative and Financial Services

Program Name: Maine Revenue Services

Account Number(s): 010 18F 0002 07

Part and Section: V

	<u>FY 2007-08</u>	<u>FY 2008-09</u>
Revenue or Balance Transfer Increase / (Decrease):	\$6,195,641	\$5,403,404

Description of Initiative:

The revenue increase results from amending the three-factor corporate income tax apportionment factor to a single factor, based on sales, effective for tax years beginning on or after January 1, 2007

Does this Initiative have an impact on the 2010-2011 Biennium? (Yes) X (No)

The revenue impact is on-going.

PART II

Sec. II-1. Tax expenditures. In accordance with the Maine Revised Statutes, Title 5, section 1666, funding is continued for each individual tax expenditure, as defined in the Maine Revised Statutes, Title 5, section 1664, reported in the budget document submitted by the Governor on January 5, 2007.

SUMMARY

PART II

This Part, in accordance with the Maine Revised Statutes, Title 5, section 1666, authorizes the continuation of funding for each individual tax expenditure reported in the budget document submitted by the Governor on January 5, 2007.